2008-04314/

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MEDIA RELEASE

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May 27, 2008

METRO VANCOUVER TERMINATES RIGHT TO PERFORM FURTHER WORK BY TUNNELLING CONTRACTOR

Tunnelling contractor Bilfinger-Berger Canada Inc. has refused to proceed with work on the twin tunnels component of the Seymour-Capilano Filtration Project in accordance with the contract, and as a result its right to perform further work has been terminated, Metro Vancouver announced today.

"Bilfinger-Berger's refusal to move forward with their part of this important project is a great frustration," said Metro Vancouver Chief Administrative Officer Johnny Carline. "The contractor has provided us with no practical alternative in terms of completing the work," Mr. Carline said.

Bilfinger-Berger was awarded the contract to construct two 7.1 kilometre, 3.8 metre diameter tunnels that connect the Capilano drinking water source to the filtration plant in the Lower Seymour Conservation Reserve. The plant will filter water from both the Seymour and Capilano sources.

Work on the tunnels began late in 2004, but in January of 2008, Bilfinger-Berger suspended tunnelling as a result of rock conditions that the contractor contended created worker safety concerns. In response, Metro Vancouver's consulting engineers provided a plan to address the stated concerns that would enable Bilfinger-Berger to safely resume work.

Some of the world's foremost experts in rock mechanics and tunnel engineering have told Metro Vancouver that the engineer's plan is safe and viable, and that Bilfinger-Berger's claims are without merit. Bilfinger-Berger did not accept the plan and refused to recommence tunnelling or to provide Metro Vancouver with a schedule for the resumption of work. On May 26, the contractor was notified that its right to continue the work was terminated.

Any delay in completion of the tunnels will only impact filtration from the Capilano supply. Filtration of water from the Seymour source is unaffected and expected to begin on schedule and budget with completion of the Filtration Plant later this year.

Metro Vancouver will now take the necessary steps to secure a replacement contractor and complete the tunnels.

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